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THESIS

**COUNTERING TERRORISM: ENGAGEMENT
DEVELOPMENT AND DETERRENCE**

by

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**COUNTERING TERRORISM: ENGAGEMENT, DEVELOPMENT,
DETERRENCE**

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Submitted in partial fulfillment of the
requirements for the degree of

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ABSTRACT

The war on terrorism has not reduced the threat from terrorism. Terrorism as a tactic cannot be defeated. States policies cannot rely on force alone in an attempt to defeat the use of a tactic. States need to use more effective counterterrorism policy options than coercion and force to deter groups from using terrorism. Groups choose to use terrorism as a tactic as a means to bring attention to be engaged and their grievances addressed. Engaging groups that use terrorism to address and resolve their grievances can prevent the cycle of violence of a terrorism campaign and delegitimize their use of force to resolve grievances. Economic development of developing nations can produce strong institutions necessary for minority groups to resolve grievances and build internally balanced market economies in developing nations that allow them to fully participate in economic globalization and reap the security benefits of globalization.

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LIST OF ACRONYMS AND ABBREVIATIONS

FBI	Federal Bureau of Investigation
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GWOT	Global War on Terrorism
IRA	Irish Republican Army
IRS	Internal Revenue Service
MBD	Millions of Barrels per Day
MIC	Militarized International Conflicts
MNC	Multi National Corporation
U.K.	United Kingdom
UN	United Nations
U.S.	United States

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I. INTRODUCTION

Nine years after the terrorist attacks of September 11, 2001, the war on terrorism has not reduced the threat from terrorism.¹ It is time for states to consider that, maybe, a war on terror cannot be won, and that we should consider alternative approaches to deterring the use of violence by minority groups to redress their grievances. Would a combined policy of engagement with disaffected groups, economic development for disaffected groups, and continued deterrence to the use of violence be a more effective counterterrorism policy than coercive policies that perpetuate the cycle of violence in a terrorist campaign? This thesis will examine whether it can be more effective for states to counter minority groups' use of violence by engaging with them, addressing their grievances, and developing them economically, while continuing to deter attacks.

A. IMPORTANCE

Terrorism, defined as violence perpetrated against a target selected to manipulate a larger target audience.² Terrorism is a tactic that is an option for minority groups disaffected from a base of power. As an asymmetric threat, terrorism is inherently indefensible.³ Force alone cannot defeat the use of the tactic of terrorism however, and state policies that rely on force and take a hard-line stance against negotiating with terrorist organizations perpetuate the cycle of violence of a terrorist campaign.⁴

There is a need for analysis and recommendations for how states can effectively engage disaffected groups to deter and prevent them from turning to the use of violence and the tactic of terrorism to redress their grievances. This thesis has researched state policies toward terrorism and offers specific recommendations for states to engage and develop groups to successfully deter terrorism.

¹ Ivan Sascha Sheehan, "Has the Global War on Terror Changed the Terrorist Threat? A Time-Series Intervention Analysis," *Studies in Conflict & Terrorism* 32, no. 8 (2009), 758.

² Jeffrey Bale, lecture, "Introduction to Terrorism," 2009, Naval Postgraduate School.

³ Bruce Schneier, *Beyond Fear: Thinking Sensibly About Security in an Uncertain World* (New York, NY: Springer, 2006), 208.

⁴ Sheehan, "Has the Global War on Terror Changed the Terrorist Threat?" 758.

B. THESIS OVERVIEW

This thesis will first define terrorism, and then the cycle of violence of a counterterrorist campaign that relies on coercion alone. Having established a clear definition of terrorism and having demonstrated the futility of counterterrorism policies that rely on coercion alone, this thesis will make a case for counterterrorism policies that focus on engaging disaffected minority groups to redress their grievances and develop them economically as well. Lastly, this thesis will apply the principles of engagement, development, and deterrence to a case study of the Middle East in specific terms related to the groups and their grievances, their potential for economic development, and prospects for continued deterrence.

The reasoning behind this organization is to arrive at policy recommendations for states that are based on fairly generic principles that can be used now as well as in the future against any potential groups with grievances that may lead them to turn to the use of the tactic of terrorism.

C. LITERATURE REVIEW

The body of published materials relevant to this thesis includes numerous studies, reports and literature produced in the form of government reports, journal articles, and scholarly books. In reviewing the literature on countering terrorism, there is a common theme on the use of force on the part of the government creating an action-reaction cycle of violence that perpetuates terrorist campaigns. There is disagreement on the relevance of terrorist motivation in countering terrorism, and there is a significant difference of opinion on how to deal with terrorist groups. This review will clarify the stated position regarding the consensus, disagreement, and the gap in the literature.

1. Consensus

As defined by Martha Crenshaw, terrorism is the violent means by which a disaffected minority group without access to a base of power seeks radical change.⁵ As there are no shortage of disaffected minority groups throughout the world, terrorism is

⁵ Martha Crenshaw, "The Causes of Terrorism," *Comparative Politics* 13, no. 4 (July 1981), 383–384.

not about to go away. On the contrary, terrorist attacks continue and are increasing in lethality, despite the counterterrorism policies of the states they are targeting.⁶ Security measures alone will not prevent states from suffering terrorist attacks; the asymmetric nature of terrorism makes it something that cannot be prevented by defense alone.⁷

According to Martha Crenshaw, a precipitating event often precedes the outbreak of terrorism, and there seems to be a common pattern of government actions that act as catalysts for terrorism. Government use of force in response often compels terrorist retaliation. The development of such an action-reaction syndrome then establishes the structure of the conflict between the regime and its challengers.⁸ Richard English agrees with this point and also recommends that state's counterterrorism policies address those root causes.⁹ This point is further illustrated by U.S. actions in the Global War on Terror. The U.S. has increased terrorism by using force, which is being perceived as unjust, and driving ordinary people to accept the logic of terrorism as a response to the U.S. use of force.¹⁰

Mark Sedgwick makes the point that the origins of terrorist campaigns against a state are often based on a cause, and understanding that cause is critical. The conflict cannot be understood without understanding the prior history and cause concerned.¹¹ Thus, there is a need to look at the history of a conflict and potentially address the cause of the terrorism to counter the terrorist organization.

Daniel Byman makes a strong case with his proposed strategy to delegitimize terrorist groups to deny them access to their pool of potential recruits. This would have to be incorporated into a balanced strategy and could possibly be implemented toward

⁶ Daniel Masters, "The Origin of Terrorist Threats: Religious, Separatist, or Something Else?" *Terrorism and Political Violence* 20, no. 3 (October 2009), 396.

⁷ Bruce Schneier, *Beyond Fear: Thinking Sensibly About Security in an Uncertain World* (New York: Springer, 2006), 208.

⁸ Crenshaw, "The Causes of Terrorism," 385.

⁹ Richard English, *Terrorism: How to Respond* (Oxford: Oxford University Press, 2009), 123.

¹⁰ Ivan Sascha Sheehan, "Has the Global War on Terror Changed the Terrorist Threat?" 758.

¹¹ Mark Sedgwick, "Inspiration and the Origins of Global Waves of Terrorism," *Studies in Conflict & Terrorism* 30, no. 2 (February 2007), 97.

disgruntled minority groups before they turn to violence to pursue their goals.¹² There is a recommended forty-step plan proposed for the United States.¹³ While this plan is fairly comprehensive, it still leaves the action-reaction cycle intact and offers no insight on how to deter the terrorist campaign.

Most of the consensus in countering terrorism starts after the precipitating event that triggered the terrorist campaign and government reaction after that point. There is less agreement on how military force should be used to counter terrorists, but there is still agreement on the necessity of using military force to counter terrorist organizations, even though going after a terrorist organization with force creates more backlash and does not always spell victory in an asymmetric fight.¹⁴

2. Disagreement

The disagreement in the literature centers on how to counterterrorism once the action-reaction cycle has begun. The prescriptions divide mainly into two schools of thought: change domestic law enforcement to facilitate measures to pursue, arrest, and prosecute terrorists or use military force to destroy terrorist organizations and their ability to operate. There is additional disagreement on the state of mind of the terrorist and what effect a state's policies reasonably have on a terrorist who is irrational versus one who is rational.

U.K. case studies focus on the response to the Provisional IRA in Northern Ireland and the legislative changes made in 1968 on domestic law enforcement changes to counter the terrorist threat.¹⁵ The focus is similar in the Italian response to terrorism from 1969 and 1982: rewriting legislation in 1979 and its resulting effects on the Italian's

¹² Daniel Byman, *The Five Front War* (Hoboken, NJ: John Wiley & Sons, 2008), 77.

¹³ Peter Bergen and Laurence Footer "Defeating the Attempted Global Jihadist Insurgency: Forty Steps for the Next President to Pursue against al Qaeda," *The Annals of the American Academy* 618, no. 1 (July 2008), 232–246.

¹⁴ Grace Sanico and Makoto Kakinaka "Terrorism and Deterrence Policy with Transnational Support," *Defence and Peace Economics* 19, no. 2 (April 2002), 155.

¹⁵ David Bonner, "The United Kingdom Response to Terrorism," *Terrorism and Political Violence* 4, no. 4 (1992), 179.

ability to counter terrorism.¹⁶ A German case study notes the state's initial tendency to be soft on terrorism for fear of being perceived as fascist, but then ultimately adopted more hard-line policies toward terrorism primarily by enacting stronger legislation.¹⁷ Analysis of U.S. historical reactions to the Klu Klux Klan and Black Panther organizations showed similar success stories achieved by law enforcement means.¹⁸ Case studies from the U.K., Italy, Germany, and the U.S. detail success made in law enforcement in reaction to terrorist activity. An Israeli case study differs in that it reflects the Israeli decision to treat terrorism as an extension of war between states, and the resultant negative political effects of that decision.¹⁹

That organizations wage campaigns of terror based on a political or ideological goals is not up for dispute.²⁰ The main issue is to what extent that original grievance continues to drive a terrorist organization once the cycle of action-reaction has begun. Crenshaw argues that even though a terrorist group's reasons for resorting to terrorism are an important cause, ultimately even if there is an objective response to those reasons, terrorism may still endure until the group is physically destroyed.²¹ Max Abrams rejects the conventional wisdom of terrorists as rational actors and finds them to be more socially motivated than politically or ideologically motivated. He recommends that a policy of breaking up the social network be more effective than destruction of the groups

¹⁶ Luciana Stortoni-Wortmann, "The Police Response to Terrorism in Italy from 1969 to 1983," in Fernando Reinares, ed., *European Democracies Against Terrorism* (Brookfield, VT: Ashgate, 2000).

¹⁷ Stephen M. Sobieck, "Democratic Responses to International Terrorism in Germany," in David A. Charters, ed., *The Deadly Sin of Terrorism: It's Effect on Democracy and Civil Liberties in Six Countries* (Westport, CT: Greenwood Press, 1994), 53.

¹⁸ Christopher Hewitt, *Understanding Terrorism in America: From the Klan to Al Qaeda* (New York, NY: Rutledge, 2003), 99.

¹⁹ Noemi Gal-Or, "Countering Terrorism in Israel," in Charters, ed., *The Deadly Sin of Terrorism*, 134.

²⁰ Walter Enders and Todd Sandler "The Effectiveness of Antiterrorism Policies: A Vector-Autoregression-Intervention Analysis," *The American Political Science Review* 87, no. 4 (December 1993), 829.

²¹ Crenshaw, "The Causes of Terrorism," 397.

and cites the example of the Italians in the 1980s releasing prisoners in exchange for cooperation against their fellow terrorists and the collapse of the network that followed the break-down of the social ties of the group.²²

The existing literature focuses largely on the ideology and psychology of terrorists, with much of the dispute centering on whether they are rational or irrational actors. There is additional disagreement about understanding why terrorist groups conduct terrorist campaigns, but most conclude that it is difficult to determine the exact motivations of terrorist organizations and offer no significant recommendations on how to use the ideology and psychology of terrorist groups to counter their use of violence.

3. Gaps in Literature

What is missing from the literature is a discussion of different precipitous moments from past terrorist campaigns, as well as a critical analysis of the policy decisions made following the initial precipitating event and the resulting action-reaction syndrome that escalates the terrorist campaign. The decisions are noted in passing as part of larger studies, but not as the primary focus, and it seems that is a critical gap in the research and literature. While the United States has sometimes been effective in changing the policies of states that instigate or assist terrorism it has not found an appropriate mix of deterrence and reward that can constrain the behavior of nonstate adversaries.²³

4. Conclusion

Violence will remain an option for groups with grievances, whether they are religious, ideological or political, and existing terrorist groups will continue their campaigns.²⁴ Appropriate state responses to violence will be key in countering the use of

²² Max Abrams, "What Terrorists Really Want," *International Security* 32, no. 4 (Spring 2008), 105.

²³ Martha Crenshaw, "Coercive Diplomacy and the Response to Terrorism," in *The United States and Coercive Diplomacy*, Robert J. Art and Patrick M. Cronin, eds., (Washington, DC: United States Institute of Peace Press, 2003), 4.

²⁴ Bruce Hoffman, *Inside Terrorism* (New York, NY: Columbia University Press, 2006), 234.

violence and would be more effective with a better understanding of underlying grievances,²⁵ in order to prevent the action-reaction syndrome between a state and terrorists in an extended conflict.

D. METHODS AND SOURCES

This thesis will utilize a comparative case study approach to analyze different states that have been targeted by terrorist campaigns and those state counterterrorism policies. The analysis will focus on distinguishing states that used violence alone to counter terrorist campaigns, and compare and contrast the results of those counterterrorist campaigns with states that engaged terrorist groups. The measure of effectiveness of the counterterrorism policies will be the level of violence of the terrorist campaigns, and the duration of the terrorist campaigns.

The sources of data for these studies will be official state policies on counterterrorism, and existing case studies of individual terrorist campaigns. The practical constraints of this evidence will be the difference between stated state policies versus actions taken by states.

E. THESIS OVERVIEW

This thesis will first define terrorism, and then the cycle of violence of a counterterrorist campaign that relies on coercion alone. Having established a clear definition of terrorism and having demonstrated the futility of counterterrorism policies that rely on coercion alone, this thesis will make a case for counterterrorism policies that focus on engaging disaffected minority groups to redress their grievances and develop them economically as well. Lastly, this thesis will apply the principles of engagement, development, and deterrence to a case study of the Middle East in specific terms related to the groups and their grievances, their potential for economic development, and prospects for continued deterrence.

²⁵ Steve Hewitt, *The British War on Terror* (London: Continuum, 2008), 119.

The reasoning behind this organization is to arrive at policy recommendations for states that are based on fairly generic principles that can be used now as well as in the future against any potential groups with grievances that may lead them to turn to the use of the tactic of terrorism.

II. TERRORISM

A. TERRORISM DEFINED

Defining terrorism seems to be very difficult, there is no state, agency, or academic consensus on defining terrorism, which leaves us with over 100 different definitions of terrorism.²⁶ For example, the U.S. State Department, Department of Defense (DoD), and FBI each have different definitions of terrorism: The U.S. State Department defines terrorism as ‘Premeditated, politically motivated violence perpetrated against noncombatant targets by sub national groups or clandestine agents, usually intended to influence an audience’, while the U.S. Department of Defense defines terrorism as ‘the unlawful use of, or threatened use of, force or violence against individuals or property to coerce and intimidate governments or societies, often to achieve political, religious or ideological objectives,’ and the FBI defines terrorism as ‘the use of serious violence against persons or property, or the threat to use such violence, to intimidate or coerce a government, the public, or any section of the public in order to promote political, social or ideological objectives.’

The variations in definitions from these three U.S. institutions tasked with countering terrorism illustrate the case of the difficulty of defining terrorism: Is it violence, perpetuated violence, or threatened violence that constitutes terrorism? Is it done to influence and audience, to promote an objective or to achieve an objective? The differences in these definitions are significant enough to lead to confusion and ambiguities between the institutions that are working to counter terrorism.

This thesis will use the following definition of terrorism for its succinctness in what actions and intentions constitute terrorism, and its inclusiveness of different groups and their objectives: Terrorism is violence consciously perpetrated against a target selected to influence the attitude and behavior of a larger target audience.²⁷ The key with this definition, as clarified by Professor Bale is that it distinguishes itself from other

²⁶ Albert J. Jongman Schmid et al., *Political Terrorism: A New Guide to Actors, Authors, Concepts, Data Bases, Theories, and Literature*, New Brunswick, New Jersey: Transaction Books, 1988, 5–6.

²⁷ Jeffrey Bale, lecture, “*Introduction to Terrorism*,” 2009, Naval Postgraduate School.

forms of violence and their victims by including the intent for the violence against the victim to influence a larger target audience. This author would also argue that this definition works better than the examples provided as it does not try to define terrorism by the type of violence or by the intended influence, just that they are using violence to influence a larger target audience.

This definition also serves to clarify that terrorism is a tactic, not unique to a particular group, or ideology. It is important to clarify that as a tactic, terrorism cannot be defeated per se, it is violence for psychological effect, and any group can choose to use it as a tactic. While a tactic itself cannot be defeated, what can be countered is the group's choice to use the tactic of terrorism, and the actual act of violence can be deterred.

As a tactic, terrorism is an inherently asymmetric threat in that it is not seeking to perpetrate violence directly against its intended audience, but against a target selected to influence that audience. Groups that choose to use terrorism as a tactic do so because they cannot stand toe-to-toe with their adversary, so instead they seek to create psychological pressure and force concessions to their demands by attacking vulnerable targets.²⁸ So a group intending to influence the U.S. does not have to take on U.S. forces, or perpetrate violence against well defended or hardened targets to get at the U.S., they can instead chose a target more to their liking, that will still have the effect of influencing the U.S..

As an asymmetric threat, there is really no such thing as a perfect defense to prevent all acts of terrorism from being perpetrated.²⁹ Terrorism is inherently indefensible. That is not to say that states should not deter terrorism, but to say that it's more a question of reducing terrorism than preventing it entirely. Having defined what constitutes terrorism as a tactic, the next question is; why do groups use terrorism?

²⁸ Daniel Masters, "The Origin of Terrorist Threats: Religious, Separatist, or Something Else?" *Terrorism and Political Violence*, 2008: 396–414.

²⁹ Bruce Schneier, *Beyond Fear: Thinking Sensibly About Security in an Uncertain World* (New York, NY: Springer, 2006), 208.

B. WHY DO GROUPS USE TERRORISM?

Terrorist campaigns are directed against a state to achieve an effect on behalf of a cause. To deter the use of terrorism the cause must be understood.³⁰ Having established that groups use terrorism to influence a larger audience, the next step will be to establish why it is that groups with grievances choose violence as a means to redress their grievances.

In addressing why groups use terrorism, the objective of this portion will be to analyze the steps that lead to a terrorist campaign, not necessarily the motivations and ideology that lead to terrorist campaigns. The reason for this is that this thesis is aimed at providing a recommendation that can work vs. any terrorism campaign irrespective of the group's ideology and motivations. In making the case of why groups use terrorism, this section will first focus on their reasons, and then on the sequence of events the lead up to a group's decision to use terrorism to redress their grievances.

Understanding why groups resort to terrorism is important; groups chose to use terrorism to achieve a stated goal, and therefore their reasons are an important part of the cause of terrorism. Terrorism can be seen as a means to achieve a variety of different goals from nationalist to separatist, but the most basic reason that groups are choosing terrorism is to gain attention, recognition, and manipulation for whatever their goal is. Terrorism can also be used to provoke an overreaction from government use of force, and thereby prove the perceived heavy handedness of government and draw additional attention to the group's goals. It is understandable why a group that is disaffected from a base of power could see terrorism as an attractive, simple and inexpensive way of achieving their goals.³¹

To make the case for the flow of events that lead to a terrorist campaign, it has been argued by Martha Crenshaw that the first condition that directly contributes to terrorism is a minority group with a grievance, and most importantly the perception that

³⁰ Mark Sedgwick, "Inspiration and the Origins of Global Waves of Terrorism," *Studies in Conflict & Terrorism*, 2007: 97–112.

³¹ Martha Crenshaw, "The Causes of Terrorism." *Comparative Politics* 13, no. 4 (July 1981), 385–387.

this condition is unjust. The fact of a minority group having a grievance is not enough, because a lot of sub groups living among larger populations have grievances and do not turn to terrorism or even violence. The perception of this grievance being unjust is what motivates groups to act on those grievances.

The second condition for terrorism is argued to be the disaffection from a base of political power. If groups have are denied access to legitimate redress of grievances, this further sets the stage for terrorism. Minority groups with grievances is one thing, but when those groups are neglected, or restricted from access to the means of change, then their perceived unjust grievances are left to fester and boil until the build to the point of taking action, which leads to the last condition.

The third condition is a precipitous event that precedes the outbreak of a terrorist campaign. This is commonly government actions that act as a catalyst for the groups to turn to terrorism to redress their grievances. Government use of force in response to protests or dissent often compels minority group retaliation and starts an action-reaction syndrome that establishes the structure of a terrorism campaign vs. state counterterrorism policies. Government use of force in response to grievances is perceived as intolerably unjust, and the use of terrorism becomes a morally acceptable option for redress of grievances.³²

In this model of the setting of the start of a terrorist campaign, the group's reasons for resorting to terrorism constitute an important part of the cause of the terrorist campaign. There is a need for analysis and recommendations for how states can effectively engage disaffected groups to redress their grievances to prevent them from turning to the use of violence and the tactic of terrorism to redress their grievances.

This understanding of why groups use terrorism and how a terrorism campaign gets started is critical for states to understand in making policy decisions to effectively counter terrorism. Understanding that a group chooses to use terrorism to draw attention to a goal or to provoke an overreaction from the state provides the state an opportunity to seize the attention garnered from the terrorism attack and instead of a heavy handed

³² Martha Crenshaw, "The Causes of Terrorism," 383–385.

overreaction to the attack, can instead choose to use the attack to draw negative attention to the groups choice to use violence to achieve their goal and therefore delegitimize the group's goal. As this paper will argue further on, delegitimizing the groups use of violence alone will not successfully deter the use of terrorism, as that would still leave the group with an unresolved grievance and in the model provided, still no means of legitimate redress of grievances. What this means is that to successfully deter groups from using terrorism, states have to respond by delegitimizing the use of violence as well as engaging the groups that chose to use terrorism and address their grievances.

Having established what terrorism is, why groups use it, and how it is that a terrorist campaign can begin, the question then is what policies can a state implement to counter the use of terrorism, and which of those policies has proven to be the most effective?

1. Effectiveness of Counterterrorism Policies

The terrorist attacks of 9/11 demonstrated that terrorism has escalated to an international problem that poses a threat to international peace and security.³³ Al Qaeda and other terrorist groups have also declared themselves to be in a fight to the death against the United States. In a world with a persistent threat that is capable of threatening international peace and security, what can states do to counter terrorism?

In studying state counterterrorism policies, they are typically divided into two categories: coercion and conciliatory. Coercive policy is based on the idea that attacking terrorists will deter other terrorist attacks by establishing a reputation for being tough on terrorism. The idea behind coercive policies is that to not respond aggressively or to concede to terrorist demands would earn a state a reputation as soft on terrorism and therefore encourage more terrorism. Conciliatory policies on the other hand function under the idea that states should address the underlying causes of terrorism to delegitimize their use of terrorism as a tactic.³⁴

³³ Grace F. Sanico and Makoto Kakimaka, "Terrorism and Deterrence policy with Transnational Support." *Defense and Peace Economics*, 2007, 165.

³⁴ Miller, *Terrorism and Political Violence* (2007), 332.

How effective has coercion been as a policy in counterterrorism? Since approximately 1972, the U.S. policy has had four key principles: no concession to terrorist demands, diplomatic and economic sanctions against states that sponsored terrorism, enforcement of the rule of law by bringing terrorist to trial, multilateral cooperation.³⁵ How has that worked out for the U.S. in countering terrorism? It that thought we have declared a war on terrorism, we have not been winning that war as terrorism has increased. Coercive policy is intended to persuade an opponent to stop an action. In the case of a state, a regime may be willing to comply with a coercer's demands as the cost of the consequence of defiance may be more than the state could risk and remain solvent. But what about the case of a non-state actor like Al Qaeda? What does Al Qaeda have to lose by not giving in to coercive demands?

If terrorism as defined by this thesis as violence perpetrated against a target selected to manipulate a larger audience is an available tactic for groups with grievances that are disaffected from a base of power, can it be stopped by force alone? If the grievance is perceived as legitimate by a population, and the use of force used to destroy groups that use terrorism to redress perceived legitimate grievances is perceived as unjust, there will be no shortage of the population that embrace the group and its use of terrorism to resolve their grievances. Use of force alone, without incorporating some means of addressing the group grievances sets coercive counterterrorism policies up for a fight to the death over a group's grievance. This is also argued to be the case of crisis of legitimacy when state use of force is perceived as illegitimate or unjust it enrages ordinary people and they begin to accept the logic of terrorism as a legitimate means of resolving their grievances.³⁶

Though Coercion and Conciliatory are the two most common ways of categorizing state counterterrorism policies, are those two terms over simplifying the case? Are there more options than just fighting or giving in?

³⁵ Martha Crenshaw, "Coercive Diplomacy and the Response to Terrorism," in "The United States and Coercive Diplomacy," edited by Robert Art, and Patrick Cronin (United States Institute of Peace Press: Washington DC, 2003), 306.

³⁶ Ivan Sascha Sheehan, "Has the Global War on Terror Changed the Terrorist Threat?" 756.

This thesis will argue that a better way of representing state counterterrorism policy options would be to present them in five different categories: Do nothing, Conciliation, Legal Reform, Restriction, Violence.³⁷ A state policy to do nothing includes ignoring terrorism and refusing to apprehend terrorists operating in their country. Legal reforms strengthen the government's ability to deal with terrorism. States use conciliation by negotiating with terrorists to resolve a crisis or to forestall a future crisis. Restrictions are measures taken to limit a group's support and activities. Violence refers to a government's use of force to kill perpetrators of terrorism and their supporters. These were the categories used in a study of which states policies have been most effective in decreasing terrorism.

Of these clearer options for state counterterrorism policies, which is most effective in countering terrorism? According to the study the study by Miller, it is not that one single strategy is more successful than others, but that multiple strategies can be more effective in decreasing terrorism. His study of the subject also showed that successful counterterrorism policies also depended on the group's motivations. One of the more important findings of the study was that violent counterterrorism policies were only used in two out of ten successful counterterrorism campaigns, and that violence was used in ten of the twenty-one unsuccessful counterterrorism policies.

There are successful non-violent policy options to counter terrorism, and that it is necessary to understand the group's motivations to determine the most successful policy combinations. Separatist groups respond better to a combination of concessions, legal reform, and restrictions, while religious groups are undeterred by most policies but are limited by their ability to carry out attacks when states emphasize restriction.³⁸ What this proves is that there are successful non-violent policy options for states to counter terrorism.

This supports the finding by Perl in his report to Congress where he concluded that effective counterterrorism policies need to be configured for each group, based on

³⁷ Gregory Miller, "Confronting Terrorism: Group Motivation and Successful State Policies," 335.

³⁸ Miller, "Confronting Terrorism: Group Motivation and Successful State Policies." *Terrorism and Political Violence*, 2007: 331–350.

their goals, strategies, and operating environment.³⁹ There is no one cookie-cutter approach to counterterrorism that will work for all groups. So the famous hard line position “We will not negotiate with terrorists” is not the most effective way of countering terrorism. Depending on the group, negotiating with them may actually be the most effective way to countering their use of terrorism as a tactic.

Miller’s study established that there are effective non-violent policy options for reducing terrorism, but what effect do counterterrorism policies based on violence have on terrorism? If non-violent policies are able to reduce terrorism, is it possible for violent state policies to increase terrorism? The answer from different studies appears to be yes.

First was a study that questioned the effectiveness of hawkish policies versus a transnational terrorist threat. In this study, the term hawkish policies were characterized as military use of force. In examining this question, the study focused on the strategic interactions between the group resorting to terrorism, the potential pool of recruits, and the state. This study concluded that in the case of trans-national terrorism, a hawkish deterrence policy alone may not resolve an ongoing terrorism problem, and may be ineffective in reducing the level of terrorism.⁴⁰ So a hawkish use of force in response to a terrorist campaign perpetuates the cycle of violence instead of decreasing it.

Second is an argument made that the unintended consequences of anti-terrorism policies can be far worse than the intended consequences, and that they must be anticipated. In a study done by Enders and Sandler, the U.S. retaliatory raid on Libya was examined and determined to have caused an increase in terrorism, with a small portion of this increase spilling over into states not involved in the retaliatory strikes.⁴¹

Lastly, the argument has also been made that the use of massive force will not only fail to reduce terrorism, but has an escalating effect. The initial case used to

³⁹ Raphael Perl, *Combating Terrorism: The Challenge of Measureing Effectiveness*. CRS Report for Congress, Washington D.C.: The Library of Congress, 2005, 1–12.

⁴⁰ Grace Sanico, Makoto Kakinaka “Terrorism and Deterrence Policy with Transnational Support,” *Defence and Peace Economics* 19, no. 2 (April 2002), 155.

⁴¹ Walter Enders, Todd Sandler “The Effectiveness of Antiterrorism Policies: A Vector-Autoregression-Intervention Analysis,” *The American Political Science Review* 87, no. 4 (December 1993), 829.

illustrate this effect is the British Governments handling of the Irish Republican Army (IRA) in which the British Government response of sending military troops in response to civilian riots effectively resurrected a previously inactive IRA into carrying out new attacks against the British.⁴² As has been noted by other scholars as well, the British heavy-handedness in Northern Ireland turned civil demonstrations to end discrimination into a campaign of terrorism to gain independence from Britain.⁴³ The British war against the IRA in Northern Ireland shows how government use of force can escalate and increase terrorism, but are there more current studies more indicative of the threats faced from Terrorist groups like Al Qaeda?

A more recent study of the Global War on Terrorism (GWOT) was undertaken to answer the question of whether or not the GWOT has reduced terrorism with its strategy of preemptive force. The results of this study showed a 74% increase in terrorism after the onset of GWOT, and an increase in the number of incidents with deaths by 168%.⁴⁴ The war on terrorism is not reducing terrorism. This supports the previously discussed study that showed hawkish policies having the effect of escalating transnational terrorism. Interestingly, when events in Israel, Iraq and Afghanistan were excluded from their analysis, the onset of GWOT was not found to significantly increase the number of transnational terrorist incidents, but the invasion of Iraq and the release of photos from Abu Ghraib were both found to have significant statistical effects on the number of incidents and the number of deadly incidents. These results supported the second point made of unintended consequences of counterterrorism policies; as the invasion of Iraq and the Abu Ghraib incident were both key to subsequent transnational terrorism outside Israel and the Occupied Territories.

What state policies are most successful in countering terrorism? From reviewing the different case studies, it is fair to say that counterterrorism policies that rely on force alone perpetuate the cycle of violence of a terrorist campaign, spread terrorism to other

⁴² Sheehan, "Has the Global War on Terror Changed the Terrorist Threat?" 745.

⁴³ Maria Rassmussen, "The Military Role in Internal Defense and Security: Some Problems," (Monterey, 1999) 21.

⁴⁴ Sheehan, "Has the Global War on Terror Changed the Terrorist Threat?" 752–754.

countries as an unintended consequence, and can in fact escalate the violence of a terrorism campaign. Force alone cannot defeat the use of the tactic of terrorism however, and state policies that rely on force and take a hard-line stance against negotiating with terrorist organizations perpetuate the cycle of violence of a terrorist campaign.⁴⁵

What is effective in reducing terrorism depends on the group's motivations, but successful state counterterrorism policies have been a combination of legal reforms, restrictions, and conciliations with the groups that resorted to the use of terrorism. These successful state counterterrorism policies are reliant upon an understanding of the group grievances and background.

⁴⁵ Sheehan, "Has the Global War on Terror Changed the Terrorist Threat?" 758.

III. ENGAGEMENT, DEVELOPMENT AND DETERRENCE

A. ENGAGEMENT TERRORIST GROUPS AND THEIR SUPPORTERS

A multi-dimensional approach incorporating non-violent government counterterrorism policies of Conciliation, Restriction, and Legal Reform have proven to be more effective in reducing terrorism than force.⁴⁶ These counterterrorism policies result in a state engage directly with groups that employed terrorism, what sort of engagement depends on the policies, but there will be engagement with them at in one way or another. It may be directly negotiating with them as part of a conciliatory policy like the Canadian Government did with the Quebec Separatists, or it may be in prosecuting them as part of Legal Reform and Restrictions as the Italian Government did with the Red Brigade. In any case, engagement with groups that resort to terrorism is going to happen eventually. If Restriction and Legal Reform are successful in deterring a group from using terrorism to redress their grievances, there is still the issue of the group's grievances that would need to be resolved or refuted, or the option of turning to the tactic of terrorism will still be there for the group to use at a later date.

This thesis will use the argument made by several others that the underlying causes and grievances of a terrorism campaign must be addressed. There are several reasons for this; states cannot counter something unless they understand what it is, and if states do not resolve the issue that caused a group to turn to terrorism in the first place states are only dooming yourself to repeat it.

Utilizing the Martha Crenshaw model of how a terrorist campaign begins, the most effective counterterrorism policy would be to engage with minority groups before they turn to the tactic of terrorism before their grievances are aired publicly and met with force by the state. In an ideal world this would be the perfect solution, but if that is carried out then there would potentially be no end to groups that petitioned states with grievances and states would not be able to effectively govern if they were

⁴⁶ Gregory Miller, "Confronting Terrorism: Group Motivation and Successful State Policies," 335.

Engagement with terrorist groups is a key element in a states counterterrorism campaign and will eventually be implemented to either negotiate the successful conclusion of a terrorist campaign, or be incorporated into successful state counterterrorism policies to delegitimize the group's use of terrorism. This means there will be engagement of groups, perhaps even after they have implemented terrorism as a tactic to redress their grievances. The expression "We do not negotiate with terrorists" should be taken out of the lexicon of state counterterrorism policy makers, as successful counterterrorism policies will inevitably reach the point where there will be discussions with the group on the successful conclusion of the terrorism and counterterrorism campaigns.

State engagement of groups could also adopt a policy of acknowledging groups and their grievances to demonstrate a willingness to work with groups to resolve their grievances. This will be a difficult policy decision to sell, as it is perceived as weak and conciliatory, and there is the commonly held belief that to give in to terrorism would only encourage more terrorism. But it can be sold as the most effective way of reducing a terrorism campaign as it has the effect of turning the population against the groups by: Delegitimizing their use of terrorism to resolve a grievance the state is working to resolve legitimately; restrain from an overpowering use of force to counter civil disobedience and disruptions countering the perception of unjust state over reactions. For a state to show restraint and not over react to groups grievance to turn the population against the use of terrorism as it has never been successful in its stated objectives.

Groups that perpetrate terrorism are reliant on public support of their campaigns. Specifically they need the public to perceive their grievances as legitimate and the states use of force in response to terrorism as unjust. This popular support of groups is what Mao Zedong characterized as "The water in which they swim." Without this passive support they would not be able to perpetrate terrorism campaigns. If a state responds positively to a groups grievances and takes steps to remedy those grievances, that would delegitimize that group turning to terrorism to try and achieve resolution to those grievances that are being resolved through legitimate processes.

Acknowledging and working to resolve group grievances would serve to deny them that support. If the state is in fact responsive to the needs of minority groups and seeks to resolve their grievances, then the groups use of terrorism is not justified and they would not have the popular support of the people to provide them that "...water in which they swim." Another second order effect of engaging the groups is to delegitimize their use of violence not only because the state is legitimately working to resolve their grievances, but also because terrorism has never been successfully used to achieve the stated goals of the groups that use it.⁴⁷

Engaging groups cannot only take the form of addressing and resolving their grievances, but can also be done to bring them into the fold of the international community. It has been argued that transnational and international institutions are what make peace, and that global development necessitates dialogue on a symmetric level.⁴⁸ Engaging minority groups to address and resolve their grievances can also serve as the foot in the door to bring in economic development for the purpose of establishing the 'long peace' of economic globalization.

Groups like Al Qaeda currently function transnational to achieve their recruiting, financial and operational objectives. This thesis is arguing that engaging the groups in states that Al Qaeda currently recruits from and not only working to address and resolve their grievances but also engaging them to develop them economically to help them develop their own independent market economies and institutions necessary would help lessen the appeal of the Islamist message and deny them the outside support they need to continue to function.⁴⁹

B. ECONOMIC DEVELOPMENT OF STATES WITH DISAFFECTED MINORITY GROUPS

If engaging minority groups is a key principal in reducing the violence in a terrorism campaign, what can be done to prevent the conditions described by Martha

⁴⁷ Richard English, *Terrorism how to Respond* (Oxford: Oxford University Press, 2009), 113.

⁴⁸ Bjorn Hetne, "Development and Security: Origins and Future," *Security Dialogue* (2010), 38.

⁴⁹ Sheehan, "Has the Global War on Terror Changed the Terrorist Threat?" 756.

Crenshaw? As Admiral McMullin stated in his speech to NPS “The only way to defeat Islamic terrorism is to empower Muslims.” How can states empower Muslims? What economic options does a state have to assist developing nations in developing their economies? This portion of the thesis will recommend a solution that is a combination of suggestions from a former Saudi Arabian Human Resources Expert, and from Fukuyama in an article in the Atlantic Journal. In building up to that solution, this thesis will first make the case some of the characteristics of capitalist peace can be applied to developing nations and help increase their stability and serve to counter terrorism.

There is an argument in favor of “Capitalist Peace,”⁵⁰ or “fight terror with the trade,”⁵¹ which is supposed to support or supplant the “Democratic Peace” theory. The democratic peace theory argues that since history provides evidence that democratic nations do not fight among each other, world peace can be achieved through spreading ideals of democracy. On the other hand, Capitalist peace theory through comparative analysis of democracy and economic freedom in relation to Militarized International Conflicts (MIC) argue that it is not democracy, but economic freedom, that can bring world peace.⁵² With globalization, nations are becoming increasingly interdependent hence are finding a different forum for voicing their discontent rather than going into war. Similarly, they argue, globalization enhances peace among great powers, and “global production shift can, under certain conditions, increased the prospects for peace by contributing to the consolidation of deep, regional economic integration among long-standing security rivals.”⁵³

Globalization and geographic dispersion of production can arguably help to reinforce great power peace. This is so for three reasons. Firstly, the dispersion of production across the globe makes military conquest expensive and risky. The aggressor

⁵⁰ Erik Gartzke, “Economic Freedom and Peace in Economic Freedom of the World,” 2005 *Annual report* no. 29; and Anthony Weede, *Runaway World: How Globalization is Reshaping Our Lives*, London: Profile Books, 2002.

⁵¹ Edward Gresser and Mark Dunkelman, “Free Trade Can Fight Terror,” *The Wall Street Journal*, August 15, 2008, www.wsj.com

⁵² Gartzke, “Economic Freedom and Peace.”

⁵³ Brooks, *Producing Security*. 207–217.

will have to expand geographically, thus increasing the aggressor's own vulnerability that is not commensurate with the benefit of conquest. Secondly, the prospect for autarkic defense production is slimmer in a globalized world that deters the great powers from making aggressive wars.⁵⁴ It may make large-scale military conquests unworthy, but it will bring to the fore the idea of low-intensity conflict and proxy war.

Even if globalization leads to economic prosperity, ultimately, democratization of the world is no guarantee of world peace. Strong evidences suggest that the process of democratization is more violent and conflict prone.⁵⁵ It is difficult to imagine a smooth political transition in nations that are currently experiencing a surge of economic growth, such as China and Indonesia. They are bound to experience violent transitional politics, instability, and even the possibility of conflict. If we agree with the argument that globalization is assisting in democratizing the world, we must accept the evidence those transitional periods to democracy are the most violent ones. Thus, a causal relationship between globalization, turbulent politics and violence or insecurity can be explained.

Globalization refers to the phenomenon that has led to more interdependent and integrated economies among the nations of the world. Although the idea, that there are huge economic benefits coming out of globalization, is now more easily accepted, there is a sharp polarization of opinion about its impact on non-economic aspects, primarily security.

Similarly, since globalization has led to reductions in poverty and a visible rise in the living standards of billions of people worldwide, what is the need to revolt against government? Figures point out that between 1990 and 1999, more than 200 billion people escaped poverty in China and India, only because of their economic growth.⁵⁶ It leads to the hypothesis that globalization leads to economic growth and reduces poverty, which addresses social grievances. Additionally, it leads to democratization, which leads to resolution of political grievances, leading to domestic stability and peace, meaning

⁵⁴ Brooks, *Producing Security*. 207–217.

⁵⁵ Jack Snyder, *From Voting to Violence: Democratization and Nationalist Violence*. New York: W.W. Norton, 2000.

⁵⁶ Class notes, Prof. Melese.

globalization indirectly contributes to world security. Moreover, if globalization has positive impacts on economic growth and benefits for the poor, then why are the people protesting violently in Seattle and Prague?

This leads to the fundamental questions: What are the implications of globalization on security? How does it contribute to security or insecurity at the global level, inter-state and intra-state level? Has globalization contributed to the betterment of global security, or otherwise? Does economic globalization possess the capability to prevent conflicts, induce rapprochement and reconciliation between traditional security rivals, and contribute to the peace and stability of a nation?

The paper argues that while economic dimension of globalization appears to improve security in general, some aspects of globalization, primarily non-economic, can, under certain conditions, contribute to insecurity. While it appears to reduce risks of conflict between great powers and stable states, and makes military conquest unnecessary at the global level, the globalization of production and distribution may cause conflict between and in the developing nations.⁵⁷

While globalization brings economic prosperity for the majority, it also creates clear-cut winners and losers. This may also prevent democratization of authoritarian nations or continuation of internal conflicts. Similarly, its socio-cultural impacts can lead to radicalization of certain section of the global society and give rise to a conflict between state and non-state actors, resulting in the destabilization of the internal security situation of a particular nation. Thus, while the benefits of globalization are many, it is not risk free, and there is a definite element of insecurity emanating from it.

Just as Capitalist Peace diminishes wars between states, states that have market based economies and internally balanced economies are likely to have populations with fewer grievances, and have legitimate institutions for minority groups to redress grievances, consequently less justified in turning to the use of terrorism to redress their grievances.

⁵⁷ Stephen G. Brooks, *Producing Security: Multinational Corporations, Globalization, and the Changing Calculus of Conflict* (Princeton, Oxford: Princeton University Press: 2005).

Increased Foreign Direct Investment may reduce terrorism support by offering economic growth in the developing world. This is not intended to say that poverty is the cause of terrorism and that eliminating poverty would eliminate terrorism. It is argued that economic development produces changes in the populations and governments that make the conditions less favorable for groups to use terrorism.⁵⁸ Economic development, financial markets, and monetary policy coordination all play a critical role in promoting peace. Much of the impact of free markets on peace will be missed if much of what compromises capitalism is missing.⁵⁹ In Gartzke's study of conflicts from 1950–1992, Free Markets and development diminish disputes and war.

Can this be accomplished by giving aid money to states? In a study called 'the curse of aid' the journal of economic growth examined over 108 countries that received aid over a 39-year period from 1960–1999. Aid is needed for developing nations to bring about structural reform. Unfortunately, that aid often goes to politicians who appropriate these resources and use them to empower themselves and their allies while excluding their opposition from the political process, resulting in less participatory democracy and weaker institutions. In addition, the argument is made that foreign aid reduces the need for government taxes and therefore results weak governance.⁶⁰

What can states do to develop the institutions necessary to establish market economies and internally balanced economies in developing nations? This paper will present the argument made by Fukuyama; establish the position of Director of Reconstruction on the white house staff.

This position could function to oversee the post stabilization phase of combat operations in Iraq and Afghanistan by establishing self-sustaining institutions in both countries. Once successful in coordinating those effects in Iraq and Afghanistan the basic

⁵⁸ Stephen Brooks, *Producing Security: Multi-National Corporations, Globalization, and the Changing Calculus of Conflict* (Princeton: Princeton University Press, 2007), 265.

⁵⁹ Eric Gartzke, "The Capitalist Peace." *American Journal of Political Science*.

⁶⁰ Simeon Djankov, Jose Montalvo, and Marta Reynal-Querol. "The Curse of Aid." *Journal of Economic Growth*, July 2008: 169–171.

principle of the success of building the institutions in a nation could be applied to other failed or failing like Somalia, Nigeria, and Yemen, then on to developing nations as well.

A chief criticism of this is the idea that outsiders cannot build nations. The key to the success of this proposed office would be a clear focus on its mission to build the state and not to build the nation itself. State building meaning to strengthen governmental institutions like police, judiciaries, banks, tax collections agencies, health and education services. In response to this argument, this author will defer to

Similar to the way the UN and coalition forces provide military and police trainers to the Iraqi Army and Iraqi Police, this position could coordinate among the UN and U.S. institutions like the Commerce Department of Justice, Department of Education, IRS, etc. could partner with their Iraqi peer equivalent to develop those institutions and establish solid and long lasting relationships.

What would be the incentive for other countries to spend their assets to develop the infrastructures of Iraq and Afghanistan? The argument has been made that developing nations and failed or failing states are the biggest threat to their neighboring states, as well as international security as they provide a safe haven for terrorists, poverty, AIDS

Why would the U.S. do this, what would be the incentive? There are two incentives to do this: first would be the return on investment in a nation with a country that has the third largest oil reserves in the world. One of the reasons we have such a strong relationship with the Saudi's is because we built them up to be independent. We could get the same return on our investment in Iraq

This position would work through the United Nations to establish incentives for MNCs doing business in Iraq and Afghanistan to conduct their business through the developing institutions, as well as provide incentives for the host nations of those MNCs to provide personnel to help assist the development of the institutions of Iraq and Afghanistan.

The U.S. cabinet position could provide a semi-annual report to congress and the UN to ensure transparency in all dealings and to provide accountability of resources

allocated and progress on gated goals designed to make the institutions fully capable of functioning without any assistance from other countries or MNCs.

Accountability of U.S. businesses and MNCs that are doing business with these same failed/failing states. Provide incentives for working hand in hand with U.S. institutions to fund development of institutions in exporting states to establish solid institutions and peer-to-peer relationships with U.S. equivalent institutions for support. Establish penalties for U.S. businesses and MNCs that do business with states that lack well-established institutions with good peer-to-peer relationships with U.S. equivalent.

C. ECONOMIC THREAT OF TERRORIST CAMPAIGNS

Economic development and establishing legitimate institutions for redress of group grievances will not be perfect. There may well still be groups with grievance that chose not to redress those grievances through the legitimate institutions. Use of force will still need to be a part of the multi-dimensional approach to countering terrorism.

With half of the U.S. oil supply imported, terrorist organizations like Al Qaida can disrupt the flow of oil into the U.S. by disrupting distribution routes. According to the National Threat Assessment from the Director of National Intelligence Al Qaida leaders are interested in striking Persian Gulf oil facilities.⁶¹ Is there a history of demonstrated capability and intent of terrorist organizations to carry out attacks against oil infrastructure?

Yes, there is a clear record that attacks against oil infrastructure have been a favorite of terrorists. The transmission and distribution systems of oil infrastructure represent the Achilles heel of the oil industry. Tankers and pipelines are the most vulnerable targets; tankers are too slow and cumbersome to maneuver away from attackers, and pipelines cover distances of hundreds of miles and a simple explosive device can puncture them and cause it to be non-operational.⁶²

⁶¹ Michael McConnell, "Annual Threat Assessment of the Director of National Intelligence," (McConnell 2008), 42.

⁶² Institute for the Analysis of Global Security, <http://www.iags.org/oiltransport.html>.

There are over 4,000 oil tankers delivering oil around the world, each of them are vulnerable to attack when geography forces them to pass through narrow straits to enter the Red Sea, the Persian Gulf, and the straits of Malacca where all oil bound for China, Japan, and South Korea must pass. As demonstration of that vulnerability, in October 2002, Al Qaida rammed and badly damaged a French supertanker off the coast of Yemen with a boat packed with explosives.⁶³

While tankers and pipelines are both weaknesses in the oil distribution, destructive attacks on oil pipelines are more common than attacks against oil pipelines as evidenced by the following data on pipeline attacks. In Colombia, their pipeline infrastructure has been attacked over 1,000 times since 1991, resulting in the loss over at least 2.9 billion barrels. Attacks from 1991 to 1995 have resulted in a cumulative loss of nearly \$1 billion.⁶⁴ In Nigeria, the Movement for the Emancipation of the Niger Delta (MEND) has been attacking the oil infrastructure as well, damaging pipelines and taking over oil facilities has decreased production capacity by about 30% from 2.9 MBD to 2.0 MBD.⁶⁵ In Saudi Arabia Al Qaeda suicide bombers attempted to detonate two Vehicle Borne Improvised Explosive Devices.⁶⁶

Al Qaida has stated their intentions to target Persian Gulf oil production, and Saudi Arabia is the largest producer in the Persian Gulf as well as a previous target of Al Qaida. Saudi Arabia has seven main producing oil fields. Ghawar oil field is the largest; it is currently producing half of Saudi Arabia's capacity at 5 MBD, more than every other country except Russia and the U.S. In descending order, here are the remaining Saudi oil fields and their current production: Safaniya - 1.4 MBD, Khurais - 1.2 MBD, Qatif - .5 MBD, Shaybah - .5 MBD, Zuluf - .45 MBD, and Abqaiq - .4 MBD.

Saudi Arabia has one main processing facility in Abqaiq. The facility includes pumping stations, gas oil separation plants, hydro-desulfurization units, and is the key

⁶³ Institute for the Analysis of Global Security, <http://www.iags.org/oiltransport.html>

⁶⁴ William Allard, "Asymmetric Warfare Against Oil and Gas Infrastructure." *The CIP Report* (November 2008), 4-5.

⁶⁵ U.S. Energy Information Administration, <http://www.eia.doe.gov/cabs/Nigeria/Background.html>

⁶⁶ Jim Landers, *Dallas News*, (December 5, 2007).

junction connecting to the pipelines that carry the oil to their ports at Ras al-Ju'aymah, Ras Tanura, and Yanbu. The plant has a capacity of more than 7 MBD, and processes nearly two-thirds of Saudi crude oil.

The three ports listed above are the three primary export terminals; Ras Tanura handles more than 75% of the exports with a capacity of 6 MBPD, Ras al-Ju'aymah is capable of 3.6 MBPD, but the Yanbu terminal on the Red Sea handles the remaining 25% with a capacity of 4.5 MBD.

Saudi Aramco operates more than 9,000 miles of petroleum pipelines throughout the country connecting their oil fields with their processing plants and their seaports. The primary pipeline is the 745-mile, 5 MBD East-West pipeline that connects the Abqaiq refineries to the seaport at Yanbu.⁶⁷

How vulnerable is the Saudi infrastructure to attack? Saudi Arabia has one primary oil field that produces most of its oil, and one primary facility that processes its oil, but as demonstrated by the failed Al Qaida attack in 2006 these are single site positions which they can man and establish effective defense perimeters and secure against attack. However, they do not man and secure the entire span 750-mile span of their primary pipeline that carries over half of their exported oil.⁶⁸ If that pipeline were attacked and destroyed, what impact would it have on the U.S. economy?

Having established the U.S. dependence on foreign oil, the vulnerabilities of foreign oil infrastructure, and the demonstrated capability and intent of terrorist organization to attack oil infrastructure, what sort of risk do these attacks represent to the U.S.? By attacking foreign oil infrastructure, could they cripple the U.S. economy?

Given the stated intent of terrorist organizations is to cripple the U.S. economy with their attacks they are seeking to maximize the minimum operating costs of the oil industry by increasing the cost of operating the system, and decrease maximum throughput of the oil system. Accomplishing these two things from their attacks on the oil infrastructure would amount to reducing the ability to make money from the system, and increasing the cost of operating the system beyond the system's value. In layman's

⁶⁷ U.S. Energy Information Administration, http://www.eia.doe.gov/emeu/cabs/Saudi_Arabia/Oil.html

⁶⁸ Jim Landers, *Dallas News* (December 5, 2007).

terms, they would want to make it cost more to defend it and rebuild it, to increase the cost of the product beyond its worth to society. The impact to the U.S. as a customer would be the increased price associated with the increased cost of production, as well as competition for the reduced product supply as a result of the attacks damaging the function and production of the oil system.

How much oil production would attacks on oil infrastructure have to degrade it to break the U.S. economy? There has been an argument made by Morgan Stanley cited in an attacker defender models that a reduction in Saudi oil output by 4 MBD from its current production of 9 MBD would cause worldwide economic distress. This loss of oil production from Saudi Arabia would amount to 5% of the world demand, and this loss would cause the price of oil to jump from \$40 a barrel to \$80 a barrel. The Morgan Stanley report argues that this jump in oil price would lead to a global recession if not repaired within months.⁶⁹

⁶⁹ Gerald Brown, Matthew Carlyle, Javier Salmeron, and Kevin Wood. *Analyzing the Vulnerability of Critical Infrastructure to Attack and Planning Defenses*, (Monterey: Informs, 2005) 113.

IV. MIDDLE EAST CASE STUDY

A. TERRORIST THREAT

This chapter will apply the previously discussed principles of engagement and economic development in a case study of the Middle East, and specifically focus on Al Qaeda. This chapter will first explain clarify what Al Qaeda is and is not, then explain why the Middle East is a good case study of how to counter terrorism, and lastly make the case for economic development deterring terrorism in the Middle East.

Islamism as a religious based social movement that believes in reasserting Islamic laws in Muslim societies that came about as a response to the failure of secular states in the Middle East and North Africa. There are variations of Islamism in terms of what the problem is and what the solution is. For example Political Islamism sees the problem as secularization and the influence of western states with a, and that the solution to this is for civic participation to effect the change to Islamism. Jihadi Salafism on the other hand, sees the problem as Apostasy among ruling regimes, and advocates violent revolution to overthrow apostate regimes and implement sharia law.⁷⁰ Islamism in general believes sees the Islamic religion as a comprehensive guide for all aspects of social and political life; family, economics, politics, etc. As a belief, it advocates for states to be ruled by shariah law, for the rejection of secularization and Westernization, and for the rejection of modern ideologies over Islamic based values systems.

Al Qaeda is a transnational Islamist Jihadist group that advocate for offensive Jihad against the far enemy of western states, specifically the U.S.. They believe that Muslims are under attack by the west, and that the best way of countering this is by conducting a global offensive to weaken the resolve of the west and the U.S. to be involved in Muslim affairs. Their stated objective is to eject western and American political, military, economical and cultural influence in the Muslim world.⁷¹ Al Qaeda is

⁷⁰ Hafez Mohammed, lecture, "Islamic Fundamentalism," 2010, Naval Postgraduate School.

⁷¹ Ibid.

not a centralized structured movement, the term Al Qaeda was applied by western governments and the media to label a broad and diverse network of networks.⁷²

B. ENGAGE AND ACKNOWLEDGE GRIEVANCES

Key to countering Al Qaeda's influence and ability to recruit from nations across the Arab world would be to address their grievances and to show U.S. commitment in resolving those grievances. What are the pan-arab grievances that Al Qaeda ties appeals to in its international recruiting? Al Qaeda's primary grievances are that the Muslim religion and its followers are under attack by a new crusade that seeks to destroy Islam.⁷³

The most important of these issues would be Israel and the creation of a Palestinian state. As complicated as this issue it, it would take an entire thesis to propose a recommended solution to the Israeli Palestinian peace process, which is something this thesis is not prepared to do in this section of this thesis. However, what this thesis is prepared to argue is that to undermine Al Qaeda use of this grievance to recruit members from among Arab nations is to alter the perception that the U.S. as on the side of the Israelis and is unconcerned with the plight of the Palestinians.

Regardless of how it is done, the perception must be changed so that the U.S. is perceived as pushing for the creation of a Palestinian state on the west bank. Changing this perception could very well involve taking a hard stance against Israeli settlements in the west bank. This would be a difficult perception to to resolving Pan-Arab level

This is where the proposed policy of engagement and development through the proposed cabinet position is key to changing this perception of the U.S.. First would be the economic development of Arab states through U.S. and international development of their economies toward complete market economies and internally balanced economies. This economic development would result in reducing unemployment By working with existing institutions of developing nations these nations can participate in global economics and reap the rewards of capitalist peace.

⁷² Mohammed Ayoob, *The Many Faces of Political Islam: Religion and Politics in the Muslim World*, (Ann Arbor: University of Michigan Press, 2008), 37.

⁷³ David Cook, *Understanding Jihad*. Berkley: University of California Press, 2005, 136–137.

It has been argued that the way to tame extremist groups is to incorporate them into the government. This argument states that participation in democratic institutions can turn extremists into moderates via three dynamics: once groups commit to playing in electoral game they find themselves forced to compromise to try and attract a majority, participation in elections forces them to devote resources to running their political machinations instead of revolutionary activities, and that they would be forced to try and solve common problems instead of pushing their ideology.⁷⁴ This theory was put forth as a lesson learned from extremist groups in Europe, would it apply to the Middle East?

This theory was put into practice in Egypt when Sadat liberalized Nasser's previously repressive stance against opposition groups and attempted political and economic liberalization. The liberalization was successful in that it did incorporate the Muslim Brotherhood into the political process. However, the theory of bringing them into the party would moderate their extremist positions did not prove to be the case with the Muslim Brotherhood in Egypt.

Liberalization was successful in getting the Muslim Brotherhood to participate in the government, but it was not successful in moderating their extremist positions. Letting the Muslim Brotherhood into the parliament as a political party allowed them to gain 36 seats and become the leading opposition force and was able to advocate for inclusion of sharia law into the objectives of the labor party. The Muslim Brotherhood took advantage of their newfound access to power to voice their demands and oppose and challenge the legitimacy of the regime. Legitimizing the Muslim Brotherhood by granting them political power as a reward actually lead to their power growing and spreading into other civil societies and professional organizations. These factors ultimately lead the state to reverse their policy of liberalization first with a policy of permissive repression aimed at militant Islamists, then a return to outright elimination of militant Islamists, specifically the Gama'a in Upper Egypt.⁷⁵

⁷⁴ Sheri Berman, "Taming Extremist Parties: Lessons from Europe," *Journal of Democracy* (2008), 5–6.

⁷⁵ Mohammed Hafez, Quintan Wiktotowicz, "Violence as Contetion in the Egyptian Islamic Movement," 69–80.

Egyptian response to the Islamic Militant groups was indiscriminate and brutal; from 1992-1997 the Egyptian government arrested more than 47,000 people, a number estimated to be greater than the actual number of militant Islamists. The Islamist Militant response was just as violent with attacks from 1992-1997 numbering 741 with 1,442 deaths, compared to 143 attacks and 120 deaths from 1970-1989. Clearly proving the theory that reactive state repressive policies increase violent opposition out of a fear of losing what they have gained.⁷⁶

C. DEVELOP ECONOMIES

Why is it important to develop the economies of the Middle East? According a report by the international monetary fund, the population of the Middle East and North Africa has quadrupled since 1950 and will double in the next 50 years. Jobs have not grown with the regions workforce, and unemployment has risen from 12.7% to 15% for 80%. This bleak employment is one of the regions urgent destabilizing problems, fuels social tensions, and makes job creation a top priority.⁷⁷

The other primary factor that explains the resonance of the ideology of Islamism in mass politics is the poor economic conditions across the Middle East and North Africa. The population of the region as quadrupled since 1950, but job growth has not kept pace with population growth. Unemployment in the 7 largest nations in the region has grown from 12.7 percent, to 15 percent.⁷⁸ Look at the outrage in the U.S. and the attraction to the Tea Party Movement when our unemployment rate is less than 10%. It's no wonder that the destabilizing effect of a 15% unemployment rate is attracting people to a new political solution: out with secularism, in with Islamism. Saeed Al Khabaz has characterized this as a typhoon of unemployment in the Arab world that creates social problems, and asserted that no community can survive this way.⁷⁹

⁷⁶ Hafez and Wiktutowicz, "Violence as Contention in the Egyptian Islamic Movement," 71.

⁷⁷ Edward Gardner, "Creating Employment in the Middle East and North Africa." *International Monetary Fund*, 2003, <http://www.imf.org/external/pubs/ft/med/2003/eng/gardner/index.htm> (accessed September 16, 2010).

⁷⁸ Ibid.

⁷⁹ Yvonne Davis, "The Challenge of Arab Unemployment," *Middle East online*. November 14, 2009.

The inability of secular Arab leadership to correct the poor economic conditions of colonial rulers despite attempted educational and employment reforms serves to make the Islamist solution of a return to the Golden Era an even more appealing option. If the economic solutions of the secular regimes were working and there was prosperity across the Middle East and North Africa, there would be no appeal of returning to the golden age. Combine these bleak economic prospects with repressive regime a policy toward the one group that is offering a perceived legitimate solution and the result is the growing appeal of the Islamist movement.

The argument has been made that solution to unemployment in the Middle East is not by token support by foreign enterprise, but by forming strategic mentoring partnerships with foreign expertise.⁸⁰ In support of that argument it is the recommendation of this thesis that the U.S. create a position in the white house cabinet tasked with overseeing the economic development of the two states we are currently fighting in, as well as other failing states across the middle east and north Africa.

The purpose of this position would not be to develop the nations, but to develop the institutions of state-hood and market economies. As has been argued by Fukuyama, outsiders cannot build nations in terms of repairing cultural or social ties, but what could be done is the strengthening of government institutions, and this paper will argue assist in developing complete market economies.

For this recommended position to be able to effectively achieve its goals it would have to have the central authority to operate within the executive branch. If it were put under the secretary of state, it would not have the authority to interact in a directive capacity toward other directorates. If it were a cabinet position in the white house staff, it would be in a position to engage other departments in a directive manner to achieve its stated goals. Civilian leadership in developing the economies and institutions to lessen the perception of western crusaders seeking to destroy the Muslim religion and its practitioners, but could instead serve as an example of western governments empowering Muslims and helping them succeed and prosper.

⁸⁰ Yvonne Davis, "The Challenge of Arab Unemployment."

This position could serve as a central authority over the U.S. institutions of governance and market economy and lead them in engagement and development of similar institutions in developing nations. Establishment of peer-to-peer relationships among developing nation institutions would be critical in helping those institutions develop and become stronger and more effective in performing their role and therefore helping stabilize and strengthen their states. For example, the U.S. Department of Commerce could work with their foreign equivalent and help to regulate trade, the U.S. department of Education could work with their foreign equivalent to help develop their educational systems.

Once these peer-to-peer relationships are established, they could also help facilitate Foreign Direct Investment in developing nations to ensure that investments are protected and optimally targeted for the benefit of the developing nation as well as the investor.

As a position in the White House cabinet, this position could also interface with the international community and the international community to lend their support in engaging developing nations with their developed nation equivalent institutions.

D. IMBALANCED ECONOMIES DECREASING SECURITY

There is no disputing that economic globalization can contribute to improved security between developed nations, but the argument has been made that globalization can be a negative for security between developing nations and mixed between developed and developing nations.⁸¹ This portion of the paper will argue that the insecurity of developing nations is a relevant threat to international security, and will apply economic models to two case studies to better understand the source of the insecurity.

The issue of negative security impacts of trade between developed nations and developing nations takes on new meaning in a post-9/11 world. The terrorist attacks of 9/11 demonstrated the capability of non-state actors to attack and threaten a state's security. This represents a paradigm shift away from states being the primary threat to

⁸¹ Brooks, *Producing Security*, 245.

another state's security, and introduces non-state actors as a threat to international security. Given this paradigm shift, there is a need for renewed emphasis and understanding of exactly how it is that trade with developing nations can negatively impact international security. For developed and developing states to reap the benefits of increased stability from international trade, states need to be economically stable, i.e., have fully employed and internally balanced economies.⁸²

The economics of globalization is predicated on the idea of free trade between states with free markets.⁸³ This section of the project will first review the key components of what constitutes free trade and free markets, and then use those components as criteria to examine two case studies of developing nations. The argument will be made that international trade with states that do not have free trade and free markets will not increase stability and security, and can negatively impact international security.

Free markets for the purposes of this project will be based on the simple market model and include; factor markets of households as paid resources working for businesses to produce goods and services, and product markets with businesses providing goods and services consumed by households, and government collecting taxes and providing public goods.⁸⁴ Free trade in this discussion will refer to competitive markets of many buyers & sellers of a standardized product with low barriers to entry, and most important of all will be good information and institutions.⁸⁵ These components of strong economies and financial systems are a must for international trade to reduce the risks of globalization.⁸⁶ Using Saudi Arabia as one of two case studies, this paper will argue that Saudi Arabia does not have a free and complete market or an internally balanced economy, and that this negatively impacts international security. Nigeria will be the

⁸² Robert Carbaugh, *International Economics* (Wadsworth 2009), 489.

⁸³ Dr. F. Melese, Lecture 2, *Economics of Globalization*, Naval Postgraduate School.

⁸⁴ Ibid.

⁸⁵ Ibid.

⁸⁶ IMF Staff "Globalization: Threat or Opportunity" (2002), 1.

other case study to argue that corrupt institutions and corrupt Foreign Direct Investment (FDI) can also negatively impact international security.

In terms of Saudi Arabia's product market, the primary industry in Saudi Arabia is the exportation of oil, with oil exports accounting for 75% of its GDP.⁸⁷ The Saudi Aramco oil company is the oil company in Saudi Arabia, and it is run by the Saudi Arabian Minister of Petroleum and Natural Resources. This primary source of GDP is the nationalized exportation of a raw material, which has been argued, is a factor contributing to the exacerbation of internal conflicts on its own.⁸⁸ While this alone is a factor for internal insecurity, there are additional factors in the Saudi Arabian case study that also contribute to its insecurity, and international insecurity.

In terms of the factor market in Saudi Arabia, there is a distinct lack of households as a business source receiving wages from working as labor for business. Saudi Arabia has a labor force, but they are foreigners who are there on a temporary basis to work for the Saudi Arabian government and their wages are applied to households in their host nations. Saudi Arabia has a population of approximately 28,000,000 citizens whose primary source of income is government disbursement of oil revenues. The primary labor force in Saudi Arabia is the approximately 6,360,000 guest workers who are the primary labor force the country. These guest workers are not citizens of Saudi Arabia, but are typically working on two-year contracts, with their families remaining in their country of origin with their earnings sent home to support their families.⁸⁹ Additionally, Saudi Aramco is staffed by 16,000 foreign workers who live in a secluded compound away from the rest of the Saudi Population. Again, these are foreign workers whose households are not spending money in the Saudi market, but are instead spending their wages to support households in their home countries.

There have been unsuccessful attempts at Saudization (putting Saudi citizens to work in Saudi Arabia), but these have not significantly changed the labor force. These

⁸⁷ CIA World Factbook, Saudi Arabia.

⁸⁸ Stephen G. Brooks, *Producing Security: Multinational Corporations, Globalization, and the Changing Calculus of Conflict*, (Princeton, Oxford: Princeton University Press: 2005), 245.

⁸⁹ United Nations, "Trends in Total Migrant Stock: The 2005 Revision."

attempts included building seven universities; but the first round of 120,000 graduates from 1995–1999 represented 2% of the Saudi's entering the workforce. “We will not be a country of clerks” is the quote often provided by Saudi citizens to explain why they do not want to work. Evidence in this regard point towards a particular subset, which is “unemployment among youth” as the independent variable for radicalization. Ahmed Rashid and Khashan's research found that Islamic radicalization in Central Asia and Palestine is related to the issue of unemployment.⁹⁰ This demonstrates the negative impact of economic globalization in the radicalization of youths, which further leads to insecurity both in domestic and global context.

Saudi Arabia's government control of its primary industry, subsidies to Saudi citizens, and its reliance on foreign workers result in an incomplete market cycle that is lacking in Saudi households working in Saudi business. This incomplete market cycle results in an internally imbalanced economy that prevents Saudi Arabia from enjoying the stability benefit of economic globalization, and also negatively impacts international security as Saudi Arabia has been found to be a major source of funding for Al Qaeda through donations to religious charities.⁹¹

Nigeria represents a case study of a developing nation that lacks the good institutions necessary for free trade and, therefore, the security benefit of economic globalization. The oil industry in Nigeria accounts for 80% of its \$335 Billion GDP (36th in the world). Nigerian per Capita GDP is \$2,300, yet 70% of the population of Nigeria lives below the poverty line, with the average Nigerian earning less than one dollar a day⁹². The money made by the oil industry supports 10% of the labor force, but detrimentally impacts 70% of the labor force with no compensation for the degradation to their livelihood.

⁹⁰ Jihad A. Rashid, *The rise of Militant Islam in Central Asia*, (New Haven: Yale University Press, 2002). And H. Khasan, “Collective Palestinian Frustration and Suicide Bombings,” *Third World Quarterly* 2, no. 6 (2003).

⁹¹ Victor Comras, “Al Qaeda Finances and Funding to Affiliated Groups” in *Terrorism Financing* (Stanford, 2009), 116, 122–123.

⁹² *CIA World Fact Book*, Nigeria: 2–14.

Corruption is rampant throughout the government of Nigeria, and it has resulted in the inability of several of its institutions to function on behalf of the people. It is estimated that over \$380 billion has been expropriated by Nigeria's political and military leaders since oil sales began in the 1970s.⁹³ This is the very money that the government of Nigeria should have been using to provide infrastructure, services and security for the people of Nigeria that instead was squandered by corrupt government officials. Additionally, Only .9% of the Nigerian GDP is being spent on education, ranking Nigeria 180th in the world, and in this aspect supports the direct tie to levels of corruption and GDP spent on education.⁹⁴

The corruption in Nigeria does not reside with the government alone. There are multiple examples of the foreign companies doing business in Nigeria, bribing Nigerian government officials. In 2007, Siemens was found guilty of paying Ten million Euros in bribes to Nigerian officials between 2001 and 2004. U.S. corporations have also been caught contributing to the corruption of the Nigerian government: Halliburton reached a \$177 million settlement with the U.S. Securities and Exchange Commission in February 2009 for bribing a Nigerian gas plant, and Kellogg Brown and Root paid a \$402 million fine to settle the case with the U.S. Justice Department.⁹⁵

The case study of Nigeria demonstrates that government and FDI corruption can prevent developing nations from establishing good institutions. Without good institutions, there is not free trade, and therefore in the case of developing nations without those good institutions there is no stability benefit of international economics.

This chapter has made the case that for developed and developing states to reap the benefits of increased stability from international trade, states need to be economically stable, i.e., have fully employed and internally balanced economies.⁹⁶ The economics of

⁹³ Lauren Ploch, "Nigeria," *Congressional Research Service* (February 2009): 12.

⁹⁴ Lawrence Harrison, "Culture matters: how values shape human progress" (Basic Books, 2008): 115.

⁹⁵ Lauren Ploch, "Nigeria," *Congressional Research Service* (February 2009): 12.

⁹⁶ Robert Carbaugh, *International Economics* (Wadsworth 2009), 489.

globalization are predicated on the idea of free trade between states with free markets.⁹⁷ This section of the project has focused on the key components of free trade and free markets and used those as criteria to examine two case studies of developing nations. These case studies have demonstrated that international trade with states that do not have free trade and free markets will not increase stability and security, and can negatively impact international security.

The chapter has argued that while economic dimension of globalization can improve security, some aspects of globalization can contribute to insecurity. While it appears to reduce risks of conflict between great powers and stable states, and makes military conquest unnecessary at the global level, the globalization of production and distribution may cause conflict between and in the developing nations.

As Brooks points out, although there is a great deal of positive impact of globalization of production on overall global security, it is still “a net negative for security relations among developing countries and is mixed for relations between great powers and developing countries.”⁹⁸

⁹⁷ Dr. F. Melese, Lecture 2, Economics of Globalization, Naval Postgraduate School.

⁹⁸ Brooks, *Producing Security: Multinational Corporations, Globalization, and the Changing Calculus of Conflict*, 245.

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V. CONCLUSION

Groups have demonstrated that terrorism can be used to have a level of effect on international peace and security that was previously only achievable in state on state warfare. The ability of nonstate actors to be capable of having the same impact on global security as a state necessitates a change in the previous policies in dealing with non-state actors. A hard line stance of not dealing with groups that use terrorism is no longer a sustainable position. This thesis has argued for the case of states adopting multi-dimensional policy approaches to countering the use of terrorism to include engagement and economic development, as well as deterrence.

In presenting this case, the argument has been made that the security benefits of the economics of globalization can be applied to developing nations. Developing nations, and internally imbalanced nations are a source of regional instability and are a net negative for global security. Economic development of developing nations can produce strong institutions necessary for minority groups to resolve grievances and build internally balanced market economies in developing nations that allow them to fully participate in economic globalization and reap the security benefits of globalization.

It is in the best interests of developed nations to lend their support to developing independent governmental institutions in developing nations so that they can achieve internally balanced economies necessary to reap the benefits of globalization. This thesis has recommended establishing a formal appointed position within the U.S. tasked with overseeing the establishment of peer-to-peer institutional relationships between developed and developing nations to achieve that effect.

Terrorism is a tactic that cannot be defeated. States policies cannot rely on force alone in an attempt to defeat the use of a tactic. Engaging groups that use terrorism to address and resolve their grievances can prevent the cycle of violence of a terrorism campaign and delegitimize their use of force to resolve grievances. States need to use more effective counterterrorism policy options than coercion and force to deter groups from using terrorism.

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